

DRAFT

SITE CERTIFICATION AGREEMENT

between

THE STATE OF WASHINGTON

and

SUMAS ENERGY 2, INC.

SUMAS 2 GENERATION FACILITY

SUMAS, WASHINGTON

(DATE)

ENERGY FACILITY SITE EVALUATION COUNCIL

OLYMPIA, WASHINGTON

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SITE CERTIFICATION AGREEMENT
FOR THE SUMAS 2 GENERATION FACILITY
between
THE STATE OF WASHINGTON
and
SUMAS ENERGY 2, INC.

This Site Certification Agreement is made pursuant to Chapter 80.50 of the Revised Code of Washington (RCW) by and between the State of Washington, acting by and through the Governor of the State, and Sumas Energy 2, Inc. (SE2).

SE2 filed, as required by law, an application with the Energy Facility Site Evaluation Council (EFSEC or Council) for site certification for the construction and operation of a natural gas-fired electric generation facility in Sumas, Washington. The Council reviewed the application, conducted public and adjudicative hearings, and by order, recommends approval of the application by the Governor.

The parties hereby now desire to set forth all terms, conditions, and covenants relating to such site certification in this Agreement pursuant to RCW 80.50.100(1).

The effective date of this Agreement shall be _____ (date) _____, 200__.

ARTICLE I

Definitions

Where used in this Site Certification Agreement the following terms shall have the meaning set forth below:

1. "Application" means the application for Site Certification, designated No. 99-1, filed by SE2 with EFSEC for the Sumas 2 Generation Facility (S2GF), and incorporated by reference herein, including all revisions to the Application.
2. "Approval" (by EFSEC) means an affirmative action by EFSEC regarding documents, plans, designs, programs, or other similar requirements submitted pursuant to this Agreement. Approval shall include affirmative actions of EFSEC or its authorized agents.
3. "Associated facilities" means storage, transmission, handling, or other related and supporting facilities connecting the S2GF with existing energy supply, processing, or distribution systems, including, but not limited to, the natural gas fuel line from the S2GF metering point at the U.S./Canada border to the turbines, ~~the backup distillate fuel oil storage, the onsite distillate fuel oil pipeline from the storage tank to the turbines, and the electrical power lines connecting the S2GF to the U.S./Canada border, and a water delivery and return system (which includes pipelines for reclaimed water, municipal water, and wastewater).~~ The project does not include pipelines for municipal water, industrial water or wastewater, other than those elements located on the generating facility site.
4. "S2GF" means the Sumas 2 Generation Facility and its associated facilities. The Sumas 2 Generation Facility consists of two natural gas fired combined cycle combustion turbine units with heat recovery steam generators. The specific components of the S2GF are identified below in Article IV. ~~The S2GF will deliver electricity for sale to power purchasers on a "merchant plant" basis.~~
5. "SE2" means Sumas Energy 2, Inc., a Washington special purpose corporation formed to develop, permit, finance, construct, own and operate the Sumas 2 Generation Facility. SE2 will manage all of the affairs of the S2GF, and will exercise the rights and perform the obligations under this SCA. SE2 shall be the guarantor of the S2GF's performance and ability to perform these obligations.
7. "City" means the City of Sumas, Washington.

8. "Combustion turbine" means a natural gas ~~or fuel oil~~ turbine configured to drive an electric generator.
9. "Commencement of construction" means the initiation of any actual construction activities such as form work, rebar, and pouring concrete for the power block structures.
10. "Ecology" means the Washington Department of Ecology.
11. "EFSEC" or "Council" means the State of Washington Energy Facility Site Evaluation Council created by RCW 80.50, or such other agency or agencies of the State of Washington as may hereafter succeed to the powers of EFSEC for the purpose of this Agreement.
12. "Pipeline" means the natural gas pipeline element of "Associated facilities" except where the context clearly indicates otherwise.
13. "Site" means the property identified below in Article II.A, located in Sumas, Washington, on which the S2GF is to be constructed and operated.
14. "Site Certification Agreement (SCA)", also termed "Agreement", means this formal written agreement between Sumas Energy 2, Inc. and the State of Washington, which governs the construction and operation of the S2GF, including all attachments hereto and exhibits, modifications, amendments, and documents incorporated herein.
15. "Site preparation" means grading, excavation, and preparation of lay down areas.
16. "Sponsor" means Sumas Energy 2, Inc. (SE2), or its successor.
17. "WDFW" means the Washington Department of Fish and Wildlife.
18. "Wetland" means a wetland as determined by the United States Natural Resource Conservation Service for the generating facility site and a wetland as determined by United States Army Corps of Engineers for the pipeline route.

ARTICLE II

Site Certification

A. Site and Pipeline Route Description

The Site on which the S2GF is to be constructed and operated is located in Sumas, Washington, south of the U.S./Canada border, north of State Route 9, and is more particularly described in Attachment 1. The route of the natural gas pipeline connecting the S2GF to the metering station located on the U.S./Canada border is described with particularity in Attachment 2. The route of the electrical transmission line connecting the S2GF to transmission lines located on the U.S./Canada border is described with particularity in Attachment 3.

B. Site Certification

The State of Washington hereby authorizes the Sponsor to construct and operate the Sumas 2 Generation Facility (S2GF) at the Site subject to the terms and conditions of this Site Certification Agreement. Such construction and operation shall be located within the areas designated for construction that are indicated in the Application, and described in Attachments 1, 2 and 3.

This Site Certification Agreement authorizes construction of either or both units of the S2GF to begin within ten (10) years from the date of signing of this Agreement. Construction may begin separately or simultaneously for each unit within that 10-year period. If construction of the major components of either unit has not commenced within five (5) years of the signing of this Agreement, the Sponsor shall report to the Council its intention to continue with any unit for which construction has not commenced and shall certify that the statements and conditions specified in the Application are still valid and applicable. The S2GF shall operate only in its combined-cycle combustion configuration.

If construction of the facility~~either unit's major components~~ has not commenced within ten (10) years of the signing of this Agreement, rights under this Agreement to construct and operate the S2GF shall cease, unless EFSEC and the Sponsor mutually agree to a further extension consistent with applicable regulations.

ARTICLE III

General Conditions

A. Legal Relationship

1. This Agreement is made in lieu of any permit, certificate, or similar document required by any department, agency, division, bureau, commission or board of this state, or its political subdivisions for construction and operation of the S2GF.
2. The Sponsor shall comply with all applicable federal laws and regulations and with the terms and conditions of any permits and licenses that may be issued to the Sponsor for the S2GF by appropriate federal agencies.
3. This Agreement shall bind the Sponsor, its subsidiary corporations, affiliated partnerships, contractors, subcontractors, and their successors in interest, and the state and any of its departments, agencies, divisions, bureaus, commissions, boards, or its political subdivisions, subject to all the terms and conditions set forth herein, as to the approval of the Site, natural gas pipeline and electrical transmission line, and the construction and operation of the S2GF.
4. The Sponsor shall pay to the Council reasonable and necessary monitoring costs during the construction and operation of the S2GF to assure compliance with the conditions of this Agreement as required by Chapter 80.50 RCW. The amount and manner of payment shall be prescribed by EFSEC pursuant to applicable rules and procedures.
5. This Agreement, together with those commitments made by the Sponsor in the Application, constitutes the whole and complete Agreement between the State of Washington and the Sponsor and supersedes any other negotiations, representations, or agreements, either written or oral.

B. Enforcement

1. This Agreement may be enforced by resort to all remedies available at law or in equity.
2. This Agreement may be modified, suspended, or revoked pursuant to Chapter 34.05 RCW and Chapter 80.50 RCW, for failure by the Sponsor to comply with the terms and conditions of this Agreement, for violations of Chapter 80.50 RCW, or for violation of any applicable resolutions or orders of EFSEC.

C. Notices and Filings

Filing of any documents or notice required by this Agreement with EFSEC shall be deemed to have been duly made after delivery to EFSEC's offices in Thurston County. Notices to be served on the Sponsor shall be deemed to have been duly made when received at the Sponsor's office in Kirkland, Washington.

D. Rights of Inspection

Following reasonable notice, the Sponsor shall provide access to the S2GF site, all facilities therein, and all records associated with the construction and operation of the S2GF, to designated representatives of EFSEC in the performance of their official duties.

E. EFSEC Liaison

The Sponsor shall designate a person to act as a liaison between EFSEC and the Sponsor.

F. Changes in Project Management

The Sponsor shall notify EFSEC of any change in the management of, or responsibilities for, the S2GF.

G. Amendment or Modification of Agreement

1. This Agreement may be amended pursuant to EFSEC rules and procedures then in effect. Any requests for amendments to this Agreement shall be made in writing, by either EFSEC or the Sponsor.
2. A change in ownership of the S2GF shall require an amendment to this Agreement. An application for change of ownership shall provide an analysis of the effects of such change on the areas identified under Chapters 463-39 and 463-42 WAC and demonstrate that the successor is able and willing to comply with all terms and conditions of this Agreement.
3. In circumstances where the S2GF causes a significant adverse impact on the environment not previously analyzed or mitigated by this Agreement or where such impacts are imminent, EFSEC may impose specific conditions or requirements on the Sponsor as a consequence of such a situation, in addition to the terms and conditions of this Agreement. Such additional conditions or requirements shall be effective for not more than 90 days, and may be extended once for an additional 90 day period if deemed necessary by EFSEC.

H. Site Restoration

SE2 is responsible for site restoration pursuant to Council rules. At least ninety (90) days prior to commencement of construction, SE2 shall present to the Council its initial site restoration plan, which will provide for the funding of site restoration at the end of the S2GF's useful operating life or in the event of the S2GF being

terminated before it has completed its useful operating life. Such funding shall include pollution liability insurance coverage in an amount not less than ten million dollars (\$10,000,000), and a site closure bond in an amount to be determined and justified in the site restoration plan submitted for the Council's approval. SE2 shall submit a more detailed site restoration plan at a later date, consistent with the Council's rules.

~~The Sponsor is responsible for site restoration pursuant to EFSEC rules. Within one year of commencement of construction, the Sponsor shall provide EFSEC with documentation of provisions for funding to meet site restoration or management costs. A detailed site restoration plan shall be submitted within twelve (12) months after S2GF termination. An extension for submitting the site restoration plan may be granted by EFSEC for good cause.~~

I. Need and Consistency

- 1. Need.** Prior to beginning construction of the S2GF, SE2 will enter one or more power purchase agreements that provide in the aggregate for the purchase and sale of at least 60% of the design capacity of the S2GF. Any such power purchase agreement shall have a term of at least five (5) years.
- 2. Consistency.** SE2 will ensure that at least one of the following conditions is satisfied prior to beginning construction of the S2GF. For purposes of this provision, "Purchaser" means any entity that has entered a power purchase agreement with SE2, for a term of at least five (5) years, providing for the purchase and sale of more than 40% of the S2GF's design capacity:
 - a.** If the Purchaser has adopted an integrated resource plan:
 - (a) the project is of the type included in the Purchaser's preferred resource acquisition strategy;
 - (b) the plan has reviewed commercially available supply and demand side resources and evaluated them on a consistent basis;
 - (c) the plan was developed with public participation; and
 - (d) the plan was reviewed by the utility's regulatory body.
 - b.** If the Purchaser has not formally adopted an integrated resource plan: The Purchaser has reviewed commercially available supply and demand side resources, or is located in the service territory of a utility that has an integrated resource plan meeting the criteria set forth in section 2.a. (above), or the project is consistent with the priorities and

principles expressed in the relevant Northwest Conservation and Electric Power Plan.

3. **Notice:** At least 60 days prior to beginning construction of the S2GF, SE2 shall provide EFSEC with sufficient evidence to enable EFSEC to determine that SE2 has satisfied its obligations under this agreement relating to need and consistency. Within 30 days after receiving such evidence, EFSEC shall determine whether such obligations have been satisfied. EFSEC's failure to make an express determination within 30 days shall be deemed to be a determination that the obligations have been satisfied.

ARTICLE IV

Project Description

A. Combustion Turbine Generators (CTGs)

The S2GF is a nominal 660 MW combined cycle, electric generating facility, with a gross nominal generating capacity of 669 MW (approximately 9 MW is consumed on site). The S2GF consists of two natural gas-fired combined-cycle combustion turbine generator (CTG) units, and one steam turbine driven generator. Each gas-fired generator is expected to have a nominal power rating of 186 MW at average annual ambient temperatures. The S2GF will be fired by natural gas, delivered at an estimated pressure of 435 psig, as measured at the turbine fuel train. Natural gas will be fired in the turbine's combustion section using Selective Catalytic Reduction (SCR) as a post-combustion NO_x reduction device. ~~In the event that natural gas is unavailable, the CTGs will burn low sulfur (0.05%) distillate fuel oil. Use of low sulfur distillate fuel oil will be limited to a maximum of 720 hours per year (based on 360 hours per turbine), and a ten-year average of 480 hours per year (based on 240 hours per turbine).~~

B. Heat Recovery Steam Generators (HRSGs)

The high temperature exhaust produced by each CTG will flow directly to a HRSG. Nominal steam production from each HRSG is 839,000 pounds per hour. Each HRSG will be a triple pressure, natural circulation, drum type with horizontal gas flow.

Exhaust gases leaving the HRSG boiler will exit into a 180 foot tall (maximum) steel stack with Federal Aviation Agency (FAA) approved aircraft warning lights and/or obstruction markings if such lights or markings are required by FAA. A stack damper may be provided to retain heat during shutdown. A continuous emission monitoring (CEM) system will be provided on the stack. The CEM system will measure constituents as required by the PSD permit.

C. Steam Turbine

High pressure steam produced by each HRSG will be collected in a manifold and directed to a condensing steam turbine rated to produce a nominal 296 MW. The steam turbine will be provided with a steam extraction system to supply steam for a potential future steam host.

D. Fuel Supply

The facility's only primary fuel will be natural gas, ~~with backup fuel oil.~~ The natural gas will be delivered to the site by a 4.5-mile pipeline from the U.S./Canada border. The natural gas will be produced in Canada and delivered by West Coast Pipeline Ltd. to the Canadian border approximately one mile east of Sumas. At the border, the natural gas will pass through a pressure reducing station that drops the pressure below 500 pounds per square inch (psi), an odorizing station and a metering station, before entering the 4.5-mile pipeline. A fuel gas system will be provided on site to supply natural gas at suitable pressure and temperature to each combustion turbine, the auxiliary boiler(s), and any other miscellaneous uses, such as unit heaters.

~~The backup fuel will be a low sulfur (0.05%) distillate fuel oil. This fuel will be delivered by truck and two and one-half (2.5)-day full operation storage will be provided on-site in a 1,500,000-gallon storage tank.~~

E. Water Supply System

The CFG will use two sources of water supply: (1) industrial water from the City of Sumas' May Road well field; and (2) municipal water from the City's municipal well field. Both sources of water will be obtained from the City of Sumas pursuant to the City's existing water rights.

F. Water Discharge System

All process wastewater and sanitary sewer water from the S2GF will be discharged to the City's municipal sewage collection system at the boundary of the project site. The wastewater will be combined with other wastewater from the City for treatment at the Joint Abbotsford Mission Environmental System (JAMES) Treatment Plant in Abbotsford, British Columbia.

G. Cooling System

The S2GF will be cooled by a parallel condensing system consisting of a wet condenser and a dry condenser operating in parallel to provide heat dissipation over the range of ambient conditions. When ambient temperatures are too high for the dry

condenser to handle the load, a circulating water system will provide cooling water to the Steam Turbine Condenser and to a heat exchanger serving the auxiliary (closed) cooling water system. The heated circulating water will be sent to the cooling towers where the temperature is reduced through evaporative cooling.

H. Electrical Interconnection

The facility will be interconnected to a new 230 kV transmission line through a new switchyard located at the S2GF. The 230 kV transmission line will be connected into BCHydro's Clayburn Station located approximately 5.9 miles north of the project site in British Columbia. The U.S. portion of the new transmission line is approximately 0.6 mile in length.

I. Aesthetics and Landscaping

1. The S2GF will be constructed in a manner that is aesthetically compatible with the adjacent area. Major exterior components of the S2GF will be painted tan or other natural colors to minimize visual contrasts with the background.
2. All site areas not needed for S2GF facilities, roadways, drainage or cooling ponds will be planted with trees and shrubs, including native species to the maximum extent feasible, to provide visual buffering, and to provide feeding, foraging and nesting opportunities for wildlife species known to occur in the project vicinity. This provision does not preclude the planting of lawn around S2GF facilities. Landscaped areas will primarily be located on the south perimeter between the facility and Bob Mitchell Avenue Extension, along the north perimeter, and on the eastern perimeter. The undeveloped western portion of the site, with the exception of the stormwater detention ponds, is being set-aside as wetland mitigation area, and wetland areas will be created as described in Attachments 6, 7 and 8 (Mitigation Measures and Project Conditions and agreements with WDFW and WDOE).
3. In the event of damage to or removal of vegetation along the natural gas pipeline route resulting from construction by the Sponsor, the Sponsor agrees to return the area affected to previously existing topsoil condition and to restore previously existing plant species. Restoration or replacement of vegetation from wetland areas along the route of the natural gas pipeline is governed by Attachment 7 (agreement with WDFW).

ARTICLE V

Project Construction

A. Construction Commencement and Reporting

Thirty (30) days prior to commencement of construction, the Sponsor shall submit an overall construction schedule. Construction progress reports shall be filed quarterly within thirty (30) days after the end of the quarter. Notices of significant changes in the construction schedule shall be filed with EFSEC within fifteen (15) days of the schedule change.

B. Plans and Specifications

1. The Sponsor shall submit to EFSEC or its designated representative for approval those design documents that demonstrate compliance with Agreement conditions. The design documents will include, but are not limited to, conceptual design studies, flow diagrams, system descriptions, detailed design drawings, specifications, and vendor guarantees for equipment and processes as appropriate.
2. Prior to construction, the Sponsor shall perform a probabilistic seismic hazard analysis (PSHA) based on site specific geologic conditions. In the final project design, the Sponsor shall develop site specific seismic design criteria for the S2GF for foundation and major equipment design. Such design criteria shall be developed based on the results of the PSHA, and, at a minimum, the proposed facility and water pipelines shall be designed to comply with Seismic Zone 3 standards of the Uniform Building Code (UBC).~~The Sponsor shall design the proposed facility and water pipelines to comply with Seismic Zone 3 standards of the Uniform Building Code (UBC).~~
3. S2GF buildings, structures, and pipelines shall be designed and constructed consistent with the requirements found in the City of Sumas construction codes and Section 301(a) of the UBC. Buildings and structures are defined in the UBC Section 403 and 420. Work exempt from consistency requirements is defined in UBC Section 301(b), as amended by the City of Sumas.

C. Surface Runoff and Erosion Control

1. During construction, the Sponsor will require its contractors to employ all reasonable means necessary to meet standards set forth in this Agreement. The Sponsor will set forth such conditions necessary thereto in its bidding documents, plans, and contracts that will be developed in consultation with the Council.

2. The Sponsor will comply with provisions relating to excavation and erosion control described in Attachment 5 and will require all contractors to comply therewith.
3. Sedimentation, erosion control, dust control, and related construction plans pertaining to work on the site and on permanent and/or temporary roads must conform to requirements set forth in Attachments 5 and 6, or alternative plans submitted by the Sponsor to and approved by the Council.
4. The Sponsor will develop an erosion and sedimentation control plan, including a stormwater control plan for the construction phase, to be submitted to the Council. The Sponsor will consult with Ecology and WDFW during the preparation of such plan.
5. In the event of unforeseen surface water runoff during construction, the Sponsor will comply with all pertinent industry standards for control of such runoff during construction. The Sponsor further agrees to take such actions as are deemed necessary and reasonable by the Council to control said runoff. The Sponsor will promptly notify the Council of the occurrence or likely occurrence of any surface water runoff problems.
6. The Sponsor will take such steps as are necessary to assure that construction activity will not result in a violation of applicable turbidity criteria in the State of Washington Water Quality Standards. The Council may, at its discretion, grant a temporary waiver of such standards upon request by the Sponsor.

D. Construction Inspection

EFSEC shall contract with the City of Sumas, or other appropriate agency, to provide construction inspection services for all S2GF buildings, structures, pipeline and transmission lines to ensure consistency with the approved design and construction plans. Construction shall be in accordance with the approved design and construction plans, the UBC, and County building codes and regulations.

E. As-Built Drawings

The Sponsor agrees to maintain record drawings on file and to allow the Council or its designated representatives access, on request following reasonable notice, to complete sets of as-built drawings.

F. Construction Noise

The Sponsor and its contractors and subcontractors shall use industry standard noise

attenuation controls during construction to mitigate noise impacts.

G. Construction Traffic

In consultation with appropriate local and state agencies, the Sponsor shall develop a plan to minimize any significant traffic impacts associated with construction of the S2GF. The Sponsor shall fund or provide those traffic control measures or devices along State Route 9 that are found necessary by EFSEC in accordance with said plan to mitigate such traffic impacts.

H. Construction Phase Spill Prevention

In order to prevent spills of petroleum products or toxic materials that could contaminate soil, ground water or surface waters during the construction phase, the Sponsor will have a spill prevention and countermeasure program in place prior to beginning construction of the S2GF. The program shall address oil/chemical storage, containment, site security and personnel training. The program shall also address measures that will be taken to control and contain discharge, cleanup actions, notification of appropriate agencies and a list of available cleanup materials.

I. Construction Phase Spill Contingency Plan

In order to minimize the environmental impact from any spill of petroleum products or toxic materials during the construction phase of the project, the Sponsor shall have a spill contingency plan. This plan shall address measures that will be taken to control and contain discharge, cleanup actions, notification of appropriate agencies and a list of available cleanup contractors and oil cleanup materials.

ARTICLE VI

Project Operation

A. Water Use

1. EFSEC recognizes the City of Sumas' groundwater withdrawal certificates No. G1-25171C, G1-23698 and G1-26398 to withdraw a total of 3,910 gpm from the Sumas aquifer. No withdrawal rights from the Sumas aquifer or any other state surface water or ground waters are granted by this Agreement. The S2GF's use of industrial and municipal water shall not exceed 849 gallons per minute (gpm).

2. The Sponsor shall use industrial and municipal water from the City of Sumas to meet its needs for process and cooling water. The Sponsor shall purchase municipal water from the City of Sumas to meet its needs for process and cooling water only when industrial water from the City of Sumas is insufficient to meet such needs.

B. Water Discharge

1. All discharges by the Sponsor to state waters shall be subject to the terms and conditions of this Agreement.
2. The Sponsor shall properly operate and maintain in good working order, all water handling facilities under its control, including the cooling towers, the circulating water, and process water facilities.
3. The Sponsor and its contractors shall dispose of sanitary waste in accordance with applicable local and state requirements.
4. Any use of chemicals such as biocides, anti-corrosion inhibitors, or any such additives to the cooling water system, or any other system of the S2GF which may result in any waste water discharge, must be consistent with the terms and conditions of this Agreement.

C. Air Emissions

1. The Sponsor shall operate the S2GF so that emissions to the atmosphere comply with the Approval of Notice of Construction and Prevention of Significant Deterioration Application Conditions issued by the Council (Attachment 4).
2. The Sponsor shall properly operate and maintain in good working order all air pollution control equipment and monitoring equipment required in Attachment 4.
3. ~~If construction of at least one unit of the S2GF is not begun within eighteen (18) months after receipt of the Governor's final approval, or if~~ If construction of both units of the S2GF is discontinued for a period of eighteen (18) months, the approval to construct shall become invalid. EFSEC may extend the 18-month period upon a satisfactory showing that an extension is justified, pursuant to applicable law and U.S. EPA guidance.

D. Vegetation, Fish and Animal Life

Mitigation measures for vegetation, fish and animal life are set forth in Attachments 6, 7 and 8 (Mitigation Measures and Project Conditions, and agreements with WDFW and WDOE).

E. Lighting

Lighting angles will be adjusted to minimize glare impacts, or supplemental light shields and/or vegetation will be used for extra screening in those areas where glare or light spillover would be obtrusive to nearby residents or to users of State Route 9 or Bob Mitchell Avenue.

ARTICLE VII

Public and Environmental Protection

A. Safety and Security

1. The safety of construction and operating personnel is required by regulations promulgated under the Federal Occupational Safety and Health Act (OSHA) and the Washington Industrial Safety and Health Act (WISHA). The Sponsor shall comply with applicable federal and state safety regulations and local and industrial codes and standards (such as the Uniform Fire Code or those standards administered by the National Boiler Board and Pressure Vessel Inspectors). The Sponsor, its general contractor, and all subcontractors shall make every reasonable effort to maximize safety for individuals working at the S2GF.
2. The S2GF site perimeter will be enclosed with a chain link fence and will have two (2) ingress and egress gates at completion of site preparation.
3. During construction, the gates will be staffed 24-hours per day or locked. Parking for construction contractor employees will be in an assigned parking area outside of the fenced area, to be located on an adjacent site to the east of the project site. Access to the S2GF site by all personnel will be through the staffed security gate. All construction and delivery vehicles will be logged in and out by the gate security person.
4. During operation, the S2GF will retain the perimeter fencing and access gates used during construction, or will provide similar security measures. The access gate will be monitored by on-site personnel from the S2GF Control Room using closed circuit television and voice intercom recorders.
5. Visitors shall be provided with safety equipment where and when appropriate.

B. Emergency Plan

The Sponsor will establish an emergency response plan for the S2GF to provide employee safety in the event of the following emergencies: on-site chemical release, flood, medical emergency, major power loss, fire, extreme weather, earthquake, volcano, and bomb threat. The plan will be established prior to completion of construction. In preparing the plan, the Sponsor agrees to:

1. Coordinate such plan with local, state and federal agencies directly involved in implementing such a plan.
2. Follow the requirements of WAC 296-24-567 and 296-62-3112 and 29 CFR 1910.38, Emergency Action Plan.
3. Include detailed provisions for public health and safety, emergency medical treatment, special emergency training programs and prevention of property damage.
4. Periodically provide the Council with updated lists of emergency personnel, communication channels and procedures.
5. All hourly and salaried employees, including administrative staff, contractors and visitors will be covered by the plan.

C. Fuel Pipelines

The natural gas pipeline connecting the S2GF with the delivery pipeline (from the metering station to the S2GF) shall conform to all state safety standards for natural gas lines and all state and federal standards for construction of gas pipelines, except where superseded by the safety features described in Section 2.3 of the Application or the agreements made with the Washington Utilities and Transportation Commission (WUTC) as shown in Attachment 9. ~~The pipeline supplying the distillate fuel oil from onsite storage to the CTGs shall be constructed in such a manner that it conforms to all applicable state and federal codes.~~

D. Fire Protection

After consultation with the appropriate Fire Marshall, the Sponsor shall submit to EFSEC for approval all fire protection plans to be in force during construction and operation of the S2GF.

E. Explosions

Gas release detectors shall be installed and set at 25 percent of the lower explosion limit. In addition, the Sponsor shall describe in the final design and plans and specifications those systems that are primary, secondary, or back-up systems.

F. Dangerous or Hazardous Materials

The Sponsor shall handle, treat, store, and dispose of all dangerous or hazardous materials in accordance with state standards for hazardous and dangerous wastes, Chapter 463-40 WAC and Chapter 173-303 WAC.

G. Spill Prevention, Control and Countermeasure Plan

1. The Sponsor shall prepare a Spill Prevention, Control and Countermeasure (SPCC) Plan approved by a professional Engineer that meets applicable requirements of 40 CFR 112 and that includes the amount and type of oil(s) and hazardous materials to be stored at the project site, patterns of usage, transfer procedures and other factors that will indicate the magnitude of spill potential.
2. As required, the SPCC plan shall also describe procedures for securing valves, type of gauges, dike size and design, site security, lighting, alarms, spill response materials and equipment, inspection procedures, personnel training, emergency procedures and spill notification requirements.
- ~~3. The SPCC plan shall also include location and topographic maps, accurate diagrams of the storage tank, dike(s), piping, valves, transfer pad and other significant components of the oil storage delivery system.~~
34. The SPCC plan shall be submitted to the Council and its designated representatives within one year of commencement of construction of the S2GF, and shall be updated a minimum of every two years.
- ~~5. The bulk oil storage tanks shall be contained in a manner consistent with 40 CFR 112. The containment dikes will include a barrier that is sufficiently impervious to keep spilled oil from entering waters of the State following any failure of the primary containment. Design of the tank containment shall address stormwater management and shall be approved by a Professional Engineer.~~
- ~~6. Truck unloading facilities will include an unloading and spill collection area sized for four highway tanker trucks. The area surrounding the oil transfer pad will be adequately curbed and sealed to prevent entry of any spilled oil into the waters of the State. The approach selected shall be approved by a Professional Engineer.~~

H. Air Emission Reporting

The Sponsor shall conform to the reporting requirements listed in the Prevention of Significant Deterioration and Notice of Construction (PSD/NOC) Permit (Attachment 4).

~~I. Noise Monitoring~~

[NOTE: Noise provisions have been moved to Attachment 6 Part IV § A.]

~~Prior to construction and after start-up, the Sponsor shall conduct noise monitoring to verify compliance with local noise code requirements. Once operational, if SE2 is found to exceed the City's noise limits, SE2 will install additional noise abatement measures at the facility in order to bring noise limits into compliance with code requirements.~~

ATTACHMENTS

Attached hereto and incorporated in this Agreement by this reference are the following:

1. Site Legal Description
2. Natural Gas Pipeline Legal Description
3. Electrical Transmission Line Legal Description
4. Approval of Prevention of Signification Deterioration and Notice of Construction Application
5. Excavation and Erosion Control Measures
6. Mitigation Measures and Project Conditions
7. Settlement Agreements - WDFW
8. Settlement Agreement - WDOE
9. Settlement Agreements – WUTC
10. Stipulated Agreement – City of Sumas

FOR THE STATE OF WASHINGTON

Governor

SUMAS ENERGY 2, Inc.

Darrell M. P. Jones
President, Sumas Energy 2, Inc.